

105TH CONGRESS
1ST SESSION

H. R. 2417

To amend the Social Security Act to fight fraud by hospitals under the Medicare Program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 5, 1997

Mr. KENNEDY of Rhode Island introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Social Security Act to fight fraud by hospitals under the Medicare Program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Fight Hospital Fraud
5 in Medicare Act of 1997”.

6 **SEC. 2. RANDOM INVESTIGATIONS.**

7 The Secretary of Health and Human Services shall
8 devise plans, in consultation with Federal, State, and local
9 law enforcement officials, for random investigations of

1 hospitals for potential violations of law under the Medicare
2 Program.

3 **SEC. 3. EDUCATIONAL PROGRAM TO PROMOTE COMPLI-**
4 **ANCE.**

5 (a) **ESTABLISHMENT OF PROGRAM.**—The Adminis-
6 trator of the Health Care Financing Administration shall
7 establish a program to educate hospitals on compliance
8 with regulations applicable under the Medicare Program.

9 (b) **EMPHASIZE.**—The education program shall em-
10 phasize methods of reducing noncompliance and unneces-
11 sary litigation and simplifying paperwork.

12 (c) **ADMINISTRATION THROUGH LOCAL OFFICES.**—
13 The program shall be administered, to the extent prac-
14 ticable, through regional offices of the Administrator.

15 **SEC. 4. GAO REPORT ON ABUSES BY FOR-PROFIT HOS-**
16 **PITALS.**

17 (a) **STUDY.**—The Comptroller General of the United
18 States shall conduct a study on the extent to which fines,
19 settlements, and overpayments under the Medicare Pro-
20 gram are associated with for-profit hospitals.

21 (b) **REPORT.**—Not later than 1 year after the date
22 of the enactment of this Act, the Comptroller General shall
23 submit to Congress a report on the study conducted under
24 subsection (a).

1 **SEC. 5. FEES FOR HOSPITALS AGREEMENTS.**

2 (a) IN GENERAL.—Section 1866 of the Social Secu-
3 rity Act (42 U.S.C. 1395cc) is amended by adding at the
4 end the following new subsection:

5 “(j)(1) The Secretary is authorized to impose fees for
6 initiation and renewal of provider agreements with hos-
7 pitals, in amounts up to the full amount which the Sec-
8 retary reasonably estimates to be sufficient to cover the
9 Secretary’s costs related to the process for initiating and
10 reviewing such agreements. Fees collected pursuant to this
11 paragraph shall be credited to a special fund of the United
12 States Treasury, and shall remain available until ex-
13 pended, to the extent and in such amounts as provided
14 in advance in appropriations acts, for necessary expenses
15 for these purposes, including costs of establishing and
16 maintaining procedures and records systems; processing
17 applications; and background investigations.

18 “(2) The Secretary shall impose the fees described
19 in paragraph (1) with respect to for-profit hospitals.”.

20 (b) EFFECTIVE DATE.—The amendments made by
21 subsection (a) shall take effect on date of enactment of
22 this Act and section 1866(j)(2) shall apply to agreements
23 as of January 1, 1998.

1 **SEC. 6. FEES AND REQUIREMENTS FOR ISSUANCE OF**
2 **STANDARD HEALTH CARE IDENTIFIERS.**

3 Section 1173(b) of the Social Security Act (42 U.S.C.
4 1320d-2(b)) is amended by adding after paragraph (2)
5 the following new paragraph:

6 “(3) FEES.—

7 “(A) IN GENERAL.—The Secretary may
8 impose fees for issuing such identifiers with re-
9 spect to health care providers that are hos-
10 pitals, in amounts which the Secretary reason-
11 ably estimates to be sufficient to cover all costs
12 to the Secretary associated with such activity.

13 “(B) REQUIREMENT FOR FOR-PROFIT HOS-
14 PITALS.—The Secretary shall impose fees under
15 subparagraph (A) with respect to any entity
16 that is a for-profit hospital.

17 “(C) APPLICATION OF AMOUNTS.—Fees
18 collected pursuant to this paragraph shall be
19 credited to a special fund of the United States
20 Treasury, and shall remain available until ex-
21 pended, to the extent and in such amounts as
22 provided in advance in appropriations acts, for
23 costs incurred by the Secretary in issuing such
24 identifiers, including costs of establishing and
25 maintaining an automated database and proce-

1 dures; processing applications; and verifying in-
2 formation provided.”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 subsection (a) shall take effect on the date of the enact-
5 ment of this Act and section 1173(b)(3)(B) of the Social
6 Security Act, as added by such amendment, shall apply
7 to the issuance of identifiers on and after January 1,
8 1998.

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1. *Introduction*

The purpose of this study is to investigate the effects of the proposed system on the performance of the participants. The study was conducted in a controlled environment and the results are presented in the following sections.

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